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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/770,020	01/25/2001	David A. Seaman	36287-00702	5223

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EXAMINER

SUBRAMANIAN, NARAYANSWAMY

ART UNIT PAPER NUMBER

3624

DATE MAILED: 10/18/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/770,020

Applicant(s)

SEAMAN, DAVID A.

Examiner

Narayanswamy Subramanian

Art Unit

3624

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 02 August 2005.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-23 is/are pending in the application.
- 4a) Of the above claim(s) 1-14 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 15-23 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 25 January 2001 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. This office action is in response to applicants' communication filed on August 2, 2005. Election of claims 15-23 with traverse in response to restriction/election is acknowledged by the examiner. Applicant is respectfully requested to cancel the withdrawn non-elected claims in response to this office action. Claims 15-23 have been examined. The response to amendment, objection and rejections are stated below.

Response to Amendment

2. In response to Applicant's assertion that search and examination of the entire application can be made without serious burden, the examiner respectfully disagrees. The case for the two inventions being distinct and independent was already made in the last office action. Also the two inventions require separate searches. Unlike other art units where the searches are primarily focused on patent literature, in business methods a bulk of the search is in non-patent literature, which imposes a serious burden on the examiner if two or more inventions have to be searched. For these reasons and reasons cited in the last office action the restriction of inventions is maintained.

Drawings

3. The drawings submitted with this application are objected to by the examiner. This application has been filed with informal drawings, which are acceptable for examination purposes only. Formal drawings will be required when the application is allowed.

Claim Rejections - 35 USC § 101

4. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

5. Claims 15-23 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory Subject matter.

35 USC § 101 requires that in order to be patentable the invention must be a "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" (emphasis added).

Claims 15-23 recite "An exchangeable security". It is not clear if the claimed invention is a "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof". An exchangeable security is essentially a contract and as such does not fall into one of the above-mentioned categories.

Claims 15-23 are also rejected under 35 U.S.C. § 101 because the claimed invention is directed to a non-statutory subject matter. Specifically the claims as presented do not claim a technological basis in the preamble and the body of the claim. Without a claimed basis, the claim may be interpreted in an alternative as involving no more than a manipulation of an abstract idea and therefore non-statutory under 35 U.S.C. 101. In contrast, a claim that includes in the body of the claim structural / functional interrelationship which can only be computer implemented is considered to have a technological basis [See Ex parte Bowman, 61 USPQ2d 1669, 1671 (Bd. Pat. App. & Inter. 2001) - used only for content and reasoning since it is not precedential].

Claim Rejections - 35 USC § 112

6. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter, which the applicant regards as his invention.

7. Claims 15-23 are rejected under 35 USC § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It is not clear if by the term "An exchangeable security", the Applicant means "a method", "an apparatus" or "a process". Clarification is required.

In claims 15 and 23, the limitation "a payment amount linked to the exchangeable security" is vague and indefinite. The metes and bounds of this limitation are not clear. Claims 16-22 are rejected by dependency on a rejected independent claim.

Double Patenting

8. The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. See *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent is shown to be commonly owned with this application. See 37 CFR 1.130(b).

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

9. Claims 15-23 are provisionally rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claims 43-51 of copending Application No. 09/769,999 to Seaman. Although the conflicting claims are not identical, they are not patentably distinct from each other because they cite the same features of exchangeable securities in both the applications.

Claim 15 of the current application recites the same features of an exchangeable security as in claim 43 of application of Seaman ('999).

Claim 16 of the current application recites the same features of an exchangeable security as in claim 44 of application of Seaman ('999).

Claim 17 of the current application recites the same features of an exchangeable security as in claim 45 of application of Seaman ('999).

Claim 18 of the current application recites the same features of an exchangeable security as in claim 46 of application of Seaman ('999).

Claim 19 of the current application recites the same features of an exchangeable security as in claim 47 of application of Seaman ('999).

Claim 20 of the current application recites the same features of an exchangeable security as in claim 48 of application of Seaman ('999).

Claim 21 of the current application recites the same features of an exchangeable security as in claim 49 of application of Seaman ('999).

Claim 22 of the current application recites the same features of an exchangeable security as in claim 50 of application of Seaman ('999).

Claim 23 of the current application recites the same features of an exchangeable security as in claim 51 of application of Seaman ('999).

This is a provisional obviousness-type double patenting rejection because the conflicting claims have not in fact been patented.

Claim Rejections - 35 USC § 103

10. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

11. Claims 15-17 and 19-23 are rejected under 35 U.S.C. 103(a) as being unpatentable over Goldman Sachs Prospectus Supplement No. 150 (in IDS dated January 25, 2001).

With reference to claim 15, the Goldman Sachs Prospectus teaches an exchangeable security that is tradable on a securities exchange (See Prospectus page S1, listing includes this feature), comprising: an issue value of the exchangeable security that is based on a price of an underlying security at a first time (See Prospectus page S1, reference price is a price of the underlying security); a payment amount linked to the exchangeable security (See Prospectus page S1, interest rate is a payment amount linked to the exchangeable security); and an exchange right beginning at a second time, where under the exchange right, a holder of the exchangeable security may exchange the exchangeable security for the underlying security and receive the linked payment amount, the second time after the first time (See Prospectus page S1, Exchange right

exercised on the interest due date teaches this feature. The issue date is the first date and interest due date is the second date).

The Prospectus does not explicitly teach the step wherein the conversion ratio is 1 (that is one share of exchangeable security is exchanged for one share of the underlying security).

Conversion ratios of “n”, where “n” is any number from a fraction to any multiple is old and well known in the art of finance and investments. By specifying the conversion ratio in the prospectus the issuer makes it very clear to the investor about the number shares of the underlying security the investor can get upon conversion.

It would have been obvious to one of ordinary skill in the art to include this feature at the time of invention to the disclosure of the Goldman Sachs Prospectus. By including this feature the issue price of the exchangeable security could be varied to reflect the price of the underlying security.

With reference to claims 16-17, and 19-22, the Goldman Sachs Prospectus teaches the features wherein the price of the underlying security is a market price of a share of the underlying security (See Prospectus Page S2, first Column) or closing price of a share of the underlying security (See Prospectus Page S4, second Column); wherein the second time is a defined period after the first time, the defined period selected from the group including one month, one quarter, semi-annual, single year and multiple years (See Prospectus Page S1, first Column, interest payment dates are semiannual) including two years after the first time (See Prospectus Page S1, first Column, interest payment dates are semiannual and hence the fourth interest payment coincides with a two year time period); the right to exchange the exchangeable security for the underlying security further comprises the right to: deliver a share of the exchangeable security; and

receive a share of the underlying security or receive an amount representing the value of a share of the underlying security at the second time (See Prospectus Page S7, first Column).

With reference to claim 23, the Goldman Sachs Prospectus teaches an exchangeable security that is tradable on a securities exchange (See Prospectus page S1, listing includes this feature), comprising: an issue value of the exchangeable security that is a price of an underlying security or basket of underlying securities at a first time (See Prospectus page S1, reference price is a price of the underlying security); a payment amount linked to the exchangeable security (See Prospectus page S1, interest rate is a payment amount linked to the exchangeable security); and an exchange right beginning at a maturity date of the exchangeable security, where under the exchange right, a holder of the exchangeable security may exchange a share of the exchangeable security for a share of the underlying security and receive the linked payment amount, the maturity date after the first time (See Prospectus page S1, Exchange right exercised on the interest due date teaches this feature. The issue date is the first date and maturity date is the second date. On maturity, the holder gets the interest payment for the last six months and can exchange the exchangeable security for cash or securities).

The Prospectus does not explicitly teach the step wherein the conversion ratio is 1 (that is one share of exchangeable security is exchanged for one share of the underlying security).

Conversion ratios of “n”, where “n” is any number from a fraction to any multiple is old and well known in the art of finance and investments. By specifying the conversion ratio in the prospectus the issuer makes it very clear to the investor about the number shares of the underlying security the investor can get upon conversion.

It would have been obvious to one of ordinary skill in the art to include this feature at the time of invention to the disclosure of the Goldman Sachs Prospectus. By including this feature the issue price of the exchangeable security could be varied to reflect the price of the underlying security.

12. Claim 18 is rejected under 35 U.S.C. 103(a) as being unpatentable over Goldman Sachs Prospectus Supplement No. 150 (in IDS dated January 25, 2001) in view of Prospectus, Holders Semiconductors (in IDS dated January 25, 2001).

With reference to claim 18, the Goldman Sachs Prospectus teaches an exchangeable security of claim 15 as discussed above.

The Goldman Sachs Prospectus does not explicitly teach the features wherein the underlying security is a basket of securities and the right to exchange a share of the exchangeable security for a share of the underlying security at the second time further comprises the right to exchange a share of the exchangeable security for the basket of securities.

The Holders Semiconductors Prospectus teaches the feature wherein the underlying security is a basket of securities and the right to exchange a share of the exchangeable security for a share of the underlying security at the second time further comprises the right to exchange a share of the exchangeable security for the basket of securities (See Holders Semiconductors Prospectus pages 3 and 13-17)

It would have been obvious to one of ordinary skill in the art to include this feature at the time of invention to the disclosure of the Goldman Sachs Prospectus. By including this feature the investor of the exchangeable security would receive a diversified portfolio of securities and thereby lower his/her unsystematic risk.

Conclusion


13. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

(a) Seaman (US Pub. No. 2002/0138420 A1) (September 26, 2002) Method and System for Administering a Discounted Security.

(b) Chicago Mercantile Exchange (www.cme.com) (6 selected pages, June 1997)

14. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached at (571) 272-6747. The fax number for Formal or Official faxes and Draft to the Patent Office is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PMR or Public PAIR. Status information for unpublished applications is available through Private PMR only. For more information about the PMR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).


Dr. N. Subramanian
October 4, 2005